

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, CA 95814

April 1, 1983



ALL-COUNTY INFORMATION NOTICE I-46-83

TO: ALL COUNTY WELFARE DIRECTORS

SUBJECT: FEDERAL NOTICE OF INTENT TO SANCTION

REFERENCE:

The purpose of this Information Notice is to apprise you of the Federal Department of Health and Human Services (DHHS) intent to sanction California for exceeding the target error rate in the AFDC Program for the October 1980 through September 1981 period. DHHS has determined our state's error rate for that period at 6.8%.

As you know, the target error rate for California had been established at 4.0% as a result of the Michel Amendment. Under the provisions of the Michel Amendment, California is subject to a disallowance of Federal financial participation (FFP) unless the State can demonstrate that it failed to meet the target error rate despite a good faith effort. The potential disallowance is \$35,067,000.

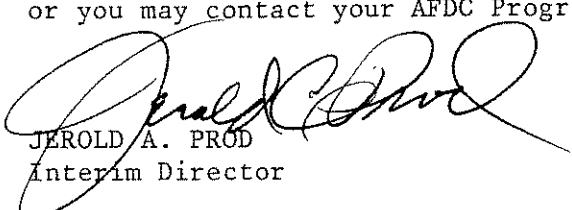
We received the formal notice of the intent to sanction on March 15, 1983, and under 45 CFR 205.42(g) we have 65 days in which to appeal. The basis for appeal is that we had a corrective action plan in place which was reasonably designed to meet the target error rate. The 65 day clock is now operative and we have until May 19, 1983 to submit our appeal.

Attached to this letter is a list of weights and factors which will be used by DHHS to evaluate "good faith". We are in the process of developing responses to each one of these standards to show how, on a statewide basis, we meet these standards. We are asking that you also review the list of factors and provide us specific data relevant to your county's efforts in each of these areas. Your responses should address each point in the weights and factors package individually and be so identified. All references to "state" should be considered "county" for purposes of developing your responses.

All arguments need to be made with the strongest support available. Once you have completed your response provide them to the AFDC Systems Bureau. A small group of county staff, working under the auspices of CWDA, will then review all responses and prepare the final package of county input. If this approach is to work we must have your responses in our possession by April 18, 1983.

Should the State not be able to develop a history of good faith effort sufficient to Federal requirements and the potential disallowance comes about, current State law and program regulations require the State to pass on the sanction to counties. It is consequently in our mutual best interest to avoid the sanction by working together to create a package that irrefutably demonstrates California's good faith effort to meet our error rate standard through corrective action.

My AFDC Program Systems Bureau Chief, David Mullins, is coordinating this effort. He may be contacted at (916) 322-5330 if you desire clarification of any points, or you may contact your AFDC Program Management Consultant at (916) 445-4458.



JEROLD A. PROD  
Interim Director

Attachment

CC: CWDA

Summary of Instructions for Preparing  
a Waiver Request under 45 CFR 205.42(g)  
for the October 1980 - September 1981 Period\*

If a State elects to request a waiver of the reduction of FFP under 45 CFR 205.42(g), it has 65 days from the date of the letter from the Commissioner to show that the State made a good faith effort to meet the established error rate target. This regulation describes some of the circumstances on which a State may base a request. The State's waiver request must address all of the circumstances under which the State believes it may qualify.

The method by which we will review each request will be determined by the specific circumstance cited by the State. A waiver request based on specific occurrences, such as disasters, strikes, unanticipated workload changes or incorrect policy interpretations (45 CFR 205.42(g)(2)(i)-(iv)), will be evaluated on its merits and according to criteria developed for the unique nature of the circumstance. The request must indicate the event and explain the extent to which the circumstance affected the program and its direct effect on the payment error rate during this period. The State must be prepared to submit supporting documentation upon request.

If the waiver request is to be based in whole or in part on a corrective action plan reasonably designed to meet the target error rate (paragraph (g)(2)(v) of this regulation), the State is directed to consult the chart of weights and factors (attached). A request submitted under this paragraph will be evaluated using these factors, which appear as subparagraphs (A), (B), (C) and (D) of the regulation. Each factor is individually weighted as indicated on the last page of the chart.

The score for each factor will be the cumulative points for all the elements listed numerically under each factor. Under each element are listed the indicators that will be considered in determining the element score. The chart also identifies what we consider to be primary indicators of any State's good faith effort. Each primary indicator of an element, labeled (P), must be adequately met before the maximum points for that element can be assigned. The State's actual score for an element, however, will be measured by all appropriate indicators, whether primary or not.

\*Your responses should be directed at actions which (1) were developed in the period immediately preceding October 1980 through September 1981, (2) took place during that period, or (3) became effective in the six month period immediately following.

To assure that a waiver request submitted under 45 CFR 205.42(g)(2)(v) receives full consideration, the instructions recommend that documentation be submitted to clearly and completely address all factors, elements and indicators. Although we will also use available Federal agency information in our review, the State is advised that it should not depend on Federal agency information to support its waiver request.

Attachment

WEIGHTS AND FACTORS  
GOOD FAITH EVALUATION (1ST MICHEL PERIOD)

	MAXIMUM VALUE
A. Demonstrated Commitment by Top Management (45 CFR 205.42(g)(2)(v)(A))	100
<p>1. Demonstrated commitment to error reduction program</p> <p>(P) - Corrective action goals enunciated in agency policy (e.g. policy statements, directives, memoranda)</p> <p>(P) - Efforts by top management to assure timeliness and quality of State QC reviews</p> <p>(P) - Implementation of Federally mandated error reduction activities (Note: Wage match (45 CFR 205.56) is the only required activity for 1st Michel period)</p> <p>(P) - Timely submission of the corrective action plans for this period</p> <p>- Access by State staff responsible for corrective action to top management</p> <p>- Acquisition by top management of additional resources, as identified in CAP (e.g. computer time, additional staffing)</p> <p>- Other indicators as presented by the State</p>	50
<p>2. Demonstrated management accountability for the corrective action process</p> <p>(P) - Accountability for decisions in the corrective action process</p> <p>(P) - Quality control and corrective action responsibilities delegated or assigned to appropriate level of managers or management components</p> <p>- Performance standards for managers reflective of their accountability for error reduction</p> <p>- Other indicators presented by the State</p>	30

(P) Primary

<p>3. Initiatives (not specifically addressed by other elements) undertaken by the State to improve the corrective action process</p> <ul style="list-style-type: none"> <li>- Manual/automated systems which will address error concentrations but which are not operational during the period, but are under development during the period</li> <li>- Comprehensive training activities</li> <li>- Changes in case management aimed at improving the corrective action process</li> <li>- Reorganization of agency or components</li> <li>- Policy or procedure manual revisions designed to reduce errors</li> <li>- Legislation enacted which is responsive to State problems in corrective action</li> <li>- Other indicators presented by the State</li> </ul>	<p>20</p>
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	MAXIMUM VALUE
B. Sufficiency and Quality of Systems Designed to Reduce Errors (45 CFR 205.42(g)(2)(v)(B))	100
1. Use of Data  (P) - Use of available source data (e.g. BENDEX, IDEX, Motor Vehicle Match), as appropriate  - Other indicators presented by the State	20
2. Sufficiency and quality of manual/automated systems to reduce errors based on needs indicated by program analysis  (P) - Systems resources (e.g. staff time, hardware) accessible to individuals responsible for corrective actions  - Systems in place evaluated as potential corrective action tool (e.g. management information systems)  - Consideration of alternatives to current system (e.g. assignment of support law, enumeration agreement)  - Other indicators presented by the State (e.g. monthly reporting, retrospective budgeting, local agency monitoring systems)	45
3. Systems Utilization  (P) - Systems output/results sent to responsible officials (e.g. reports, tapes)  (P) - Output results related to corrective action utilized by responsible staff  - Training in use of output provided to users  - Other indicators presented by the State	35

(P) Primary

	MAXIMUM VALUE
C. Use of Systems and Procedures for Statistical and Program Analysis of QC and Related Data (45 CFR 205.42(g)(2)(v)(C))	100
1. QC Data Submission  Required QC Forms submitted complete and timely (Form SSA 4341, Tables 1, 2, 3, 3A, and 4 or equivalent)	20
2. Statistical Analysis  (P) - Analysis of State QC Sample by Error Elements  (P) - Analysis of Federal rereview findings <ul style="list-style-type: none"> <li>- Trend analysis</li> <li>- Nature/sources of errors</li> <li>- Geographic breakdown</li> <li>- Error prone profiles</li> <li>- Statistical Tests/Significance of Errors</li> <li>- Special Studies</li> <li>- Interim Reports</li> <li>- Augmented Samples</li> <li>- Targeted Studies</li> <li>- Other indicators presented by the State</li> </ul>	35
3. Description of Data  Narrative explanation of QC data analysis as transmitted to those responsible for program analysis	10
4. Program Analysis  Analysis of program operations to determine cause of QC errors	35

(P) Primary



	MAXIMUM VALUE
D. Management and Execution of Corrective Action Process (45 CFR 205.42(g)(2)(v)(D))	100
1. Assessment of Corrective Actions  (P) - Corrective actions developed for all error elements which represent a significant percentage of the payment error rate with a connection between corrective actions selected and errors  - Other indicators presented by the State	15
2. Corrective Action Planning  (P) - Establishment of milestones  (P) - Allocation of resources  - Assessment of costs and benefits  - Pilot projects  - Involvement of county or local agency staff, as appropriate  - Other indicators presented by the State	25
3. Implementation of Corrective Action Plan  (P) - Implementation monitoring  (P) - Achievement of milestones/implementation of corrective action tasks  - Ongoing process for amending or discontinuing of corrective actions, as necessary  - Other indicators presented by the State	45
4. Evaluation of Corrective Actions and Their Implementation  Actions evaluated based on reported error reduction, actual costs and benefits, and related indirect outcomes	15

(P) Primary

MAXIMUM  
VALUE

Weighting

Factor A subscore \_\_\_\_\_ x .30 =  
B \_\_\_\_\_ x .20 =  
C \_\_\_\_\_ x .25 =  
D \_\_\_\_\_ x .25 =

Score: \_\_\_\_\_

Notes

1. (P) denotes a "primary" indicator of an element (see covering letter for specific information regarding these indicators).
2. Several elements do not have separate indicators listed. The documentation supporting the waiver request must fully address an element without indicators before the maximum points for that element can be assigned.